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98TH CONGRESS
2d Session

SENATE

REPORT
98-556

PROVIDING FOR REIMBURSEMENT OF THE OKEFENOKE RURAL ELECTRICAL MEMBERSHIP CORPORATION FOR INSTALLING ELECTRICAL SERVICE TO CUMBERLAND ISLAND NATIONAL SEASHORE, GA

JULY 17, 1984.—Ordered to be printed

Filed under authority of the order of the Senate of June 29 (legislative day, June 25), 1984

Mr. MCCLURE, from the Committee on Energy and Natural Resources, submitted the following

REPORT

[To accompany S. 806]

The Committee on Energy and Natural Resources to which was referred the bill (S. 806) to provide for a plan to reimburse the Okefenoke Rural Electric Membership Corporation for the costs incurred in installing electrical service to the Cumberland Island National Seashore, having considered the same, reports favorably thereon without amendment and recommends that the bill do pass.

PURPOSE

The purpose of S. 806 is to provide for a plan to reimburse the Okefenoke Rural Electric Membership Corporation for the costs incurred in installing electrical service to the Cumberland Island National Seashore.

BACKGROUND

In the late 1960's, the Okefenoke Rural Electric Corporation installed transmission lines, transformers and distribution facilities to Cumberland Island, Georgia in anticipation of development of the island for residential and commercial purposes.

Pursuant to the Act of October 23, 1972 (89 Stat. 1066), the Cumberland Island National Seashore was established and the Federal Government acquired most of the island. As a result, the anticipated development did not occur and the Corporation has been unable to recoup, through the sale of electricity its investment in transmission facilities.

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Normally, in an undeveloped area, the National Park Service would install its own electrical system at Government expense and purchase power from the nearest source.

S. 806, as reported, directs the Secretary of the Interior to reimburse the Corporation for the cost of installation of facilities (based on an audit of corporation records) which serve the needs of the Federal Government within the national seashore.

LEGISLATIVE HISTORY

S. 806 was introduced by Mr. Nunn (for himself and Mr. Mattingly) on March 15, 1983. A hearing was held in Washington, DC, on October 6, 1983. The Administration, in oral testimony, does not object to the measure.

At a business meeting on June 27, 1984, the Committee on Energy and Natural Resources ordered S. 806, favorably reported.

COMMITTEE RECOMMENDATIONS AND TABULATION OF VOTES

The Senate Committee on Energy and Natural Resources, in open business session on June 27, 1984, by a unanimous vote of a quorum present recommends that the Senate pass S. 806, without amendment.

The rollcall vote on reporting the measure was 20 yeas, 0 nays as follows:

YEAS	NAYS
Mr. McClure	
Mr. Hatfield [1]	
Mr. Weicker	
Mr. Domenici [1]	
Mr. Wallop	
Mr. Warner	
Mr. Murkowski [1]	
Mr. Nickles	
Mr. Hecht [1]	
Mr. Chafee [1]	
Mr. Heinz [1]	
Mr. Evans	
Mr. Johnston [1]	
Mr. Bumpers	
Mr. Ford	
Mr. Matsunaga	
Mr. Melcher	
Mr. Bradley	
Mr. Tsongas [1]	
Mr. Levin [1]	

[1] Indicates voted by proxy.

SECTION-BY-SECTION ANALYSIS

Subsection (a) of the first section of the bill directs the Secretary of the Interior to reimburse the Okefenokee Rural Electric Membership Corporation for the cost incurred by such Corporation in installing transmission lines, transformers, and electric meters

which serve the needs of the Federal Government within Cumberland Island National Seashore. No payment is to be made unless the Corporation has entered into a written agreement to provide electrical service and unless the Secretary has performed an audit of the Corporation's records. Subsection (b) authorizes not more than $338,000 to carry out the provisions of subsection (a).

While the Committee has authorized an amount not to exceed $338,000 to reimburse the Corporation, the Committee expects the Secretary to conduct prudent negotiations with the Corporation to determine the appropriate amount due based upon his audit. The Committee intends that the Corporation be reimbursed only for the costs of facilities actually utilized by the federal government. The Committee anticipates that the final amount agreed upon will be less than the $338,000 authorized by this legislation.

COST AND BUDGETARY CONSIDERATIONS

The following estimate of the cost of this measure has been provided by the Congressional Budget Office.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, June 29, 1984.

Hon. JAMES A. MCCLURE,
Chairman, Committee on Energy and Natural Resources,
U.S. Senate, Dirksen Senate Office Building, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has reviewed S. 806, a bill to provide for a plan to reimburse the Okefenoke Rural Electric Membership Corporation for the costs incurred in installing electrical service to the Cumberland Island National Seashore, as ordered reported by the Senate Committee on Energy and Natural Resources, June 27, 1984. Based on information from the National Park Service, CBO estimates that the federal government would spend between $60,000 and $338,000 to reimburse the Corporation, depending upon result of the audit.

S. 806 would authorize the Secretary of the Interior to reimburse the Corporation after obtaining guarantees of continuing service to Cumberland Island and after auditing the Corporation's records to determine the amount appropriately due under the terms of the bill. The bill authorizes appropriations of up to $338,000 to be available upon enactment of the legislation.

Enactment of this bill would not affect the budgets of state and local governments.

If you wish further details on this estimate, we will be pleased to provide them.

Sincerely,

ERIC HANUSHEK
(For Rudolph G. Penner, Director).

REGULATORY IMPACT EVALUATION

In compliance with paragraph 11(b) of Rule XXVI of the Standing Rules of the Senate, the Committee makes the following evaluation of the regulatory impact which would be incurred in carrying out S. 806. The bill is not a regulatory measure in the sense of

imposing Government-established standards or significant economic responsibilities on private individuals and businesses.

No personal information would be collected in administering the program. Therefore, there would be no impact on personal privacy.

Little, if any, additional paperwork would result from the enactment of S. 806 as reported.

EXECUTIVE COMMUNICATIONS

The pertinent legislative report received by the Committee from the Department of the Interior setting forth executive agency recommendations relating to S. 806 is set forth below:

U.S. DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, DC, June 29, 1984.

Hon. JAMES A. MCCLURE,
Chairman, Committee on Energy and Natural Resources,
U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: This responds to your request for our views on S. 806, "To provide for a plan to reimburse the Okefenoke Rural Electric Membership Corporation for the costs incurred in installing electrical service to the Cumberland Island National Seashore."

We have no objection to the enactment of S. 806.

Section 1(a) of S. 806 would direct the Secretary of the Interior to reimburse the Okefenoke Rural Electric Membership Corporation for the cost incurred by such corporation in installing transmission lines, transformers, and electric meters which serve the needs of the Federal Government within Cumberland Island National Seashore. No payment is to be made unless the corporation has entered into a written agreement to provide electrical service and unless the Secretary has performed an audit of the corporation's records. Section 1(b) would authorize not more than $338,000 to carryout the provisions of subsection (a).

Cumberland Island National Seashore was established pursuant to the Act of October 23, 1972 (89 Stat. 1066), in order to provide for public outdoor recreation use and enjoyment of certain significant shoreline lands and waters, and to preserve related scenic, scientific and historical values. Prior to the enactment of the legislation authorizing the seashore, the Okefenoke Rural Electric Membership Corporation undertook to install transmission lines, transformers, and electric meters on the assumption that the island would be developed for residences and other uses. With acquisition of most of the island by the Federal Government, such development could not occur, and we understand that the corporation has been unable to recoup, through the sale of electricity, its investment in transmission facilities. One of the purposes of this bill, therefore, is to provide relief to the corporation by paying for the cost of these facilities.

We have several concerns that appear to be met by this legislation. First, a Federal payment would only be justified on the basis that the payment represented the cost of services or facilities which the government would otherwise have to provide directly in fulfillment of a Federal responsibility. In other words, the govern-

ment should pay only for facilities needed to run the National Seashore, and the government should not pay for expenditures made by the corporation in anticipation of the island being developed for homesites. Those expenditures represented a judgment that the corporation was free to make or not to make on its own, without governmental interference. The government has no obligation therefore, to make the corporation whole because it made the wrong decision. We note that S. 806, appropriately, would limit payment for only those facilities that serve the administrative needs of the Federal Government.

We have not done an audit of the corporation to determine the portion of its investment which may be attributable to facilities which provide electricity for the seashore. Further, we assume that monthly billings to all the corporation's customers include an increment designed to retire any indebtedness on its physical plant. An audit would probably show how much of such indebtedness, if any, has already been recouped by the corporation. S. 806 would provide for an audit before any payment is made.

Although we have not conducted such an audit, we estimate that approximately $60,000 would reimburse the corporation for its investment in only those facilities used for purposes of supplying electrical energy to that area on Cumberland Island which is administered as part of the National Seashore. We have based this on the estimated cost of installing the same facilities directly by the National Park Service. We have no information as to what the authorization of $338,000 in the bill represents, however.

Second, if the government pays for the cost of the facilities, the government should own what it pays for and take title to the facilities. In an undeveloped area, the National Park Service would usually install its own electrical utility system at government expense, and purchase power from the nearest source. The electricity needed to run the National Seashore thus would be assured. While the Federal Government has no desire to take title to these facilities, we do believe that any payment should include the requirement that the corporation continue to operate and maintain these facilities and agree to supply electricity for the administration of the National Seashore at reasonable rates. S. 806 would require such assurances before any payment would be made.

The Office of Management and Budget has advised that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely,

G. RAY ARNETT, *Assistant Secretary.*

CHANGES IN EXISTING LAW

In compliance with paragraph 12 of Rule XXVI of the Standing Rules of the Senate, the Committee notes that no changes in existing law are made by the bill S. 806 as reported.

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